

**TESTIMONY OF ROBERT VIGIL  
TO THE U.S. SENATE COMMITTEE ON COMMERCE,  
SCIENCE & TRANSPORTATION**

**HEARING ON ENRON  
December 18, 2001**

Good morning. My name is Robert Vigil. I am an Electrical Machinist Working Foreman for Portland General Electric ("PGE"). I work at PGE's Pelton/Round Butte Hydroelectric Project, in Central Oregon. I am 47 years old, and I have been employed by PGE for 23 years.

I come to you today representing hundreds of hard-working PGE employees who have been financially devastated by Enron's recent stock price collapse and bankruptcy. I am one of 911 current PGE employees represented by Local 125, International Brotherhood of Electrical Workers. In addition to the members of our bargaining unit, there are some 1870 other employees at PGE. Since 1981, all of PGE's employees have participated in a § 401(k) plan, which we expected to provide us with a comfortable retirement. For every dollar that we individually contribute to the plan, up to 6% of our income, the company is committed to contributing an equal value in its stock.

Enron purchased PGE in 1997, at which time all of the PGE stock we

had in our accounts automatically converted to Enron stock. At first, this looked like good news for the employees. Enron was riding high, and as we saw the company officers and supervisors investing in company stock, we felt assured that our own investments were solid. As you are probably aware, by August 2000, Enron's stock had shot up to an all-time high of \$90.56. At that time, my 1800 shares were worth \$163,000.

Little did those of us working hard every day to help make the company successful know what was going on at the top of Enron. We trusted management's glowing reports of strong financial growth and opportunity with Enron. Then, in October 2001, Enron's house of mirrors came crashing down in the largest bankruptcy in history.

There are a few things you need to understand about our § 401(k) plan to understand the impact of Enron's collapse. First, we are free to make various kinds of investments with our own contributions, but the plan prohibits any employee under age 50 from trading the company's contributions. In other words, the company puts in its own stock, and until we reach age 50, we hold that stock. Second, until very recently, even after age 50, we could only trade 25% of the company's contributions per year. Third, I said before that the company is committed to contributing stock

equal in value to our cash contributions. The company's practice, however, has been to purchase blocks of stock at the beginning of the year, which it then uses to match our contributions over the course of the year. In making those contributions, Enron uses the cost of the stock when it purchased it, not the value when it makes the contributions. In good years, this certainly has been advantageous. But over the course of the last year, our employer has been contributing stock worth a fraction of the contribution it is supposed to be matching.

Finally, as you all well know, we were all barred from trading our stock during a critical period this last fall. It seems strange to me that as soon as the really bad news came out on Enron, we found ourselves unable to move out of the stock. Enron suddenly changed account managers, and our investment accounts were "locked down." I have seen that Enron says we were only locked out of our accounts for ten trading days – from October 29 through November 12. But as early as September 26, my coworkers were finding that they could get access to their accounts, but they could not conduct any transactions. As the truth about Enron started to come to light – and as the officers at the top cashed out – we, the employees, had no choice but to ride the stock into the ground.

We were all somewhat hopeful that the proposed Dynegy buyout of Enron would at least give us relief in the \$5-per-share range. But when Dynegy pulled out of the deal on November 28, 2001, Enron's stock dropped below the \$1-per-share range, where it currently stays.

Every PGE employee has a story to tell about his or her losses. All of them are tragic, and most of them are life changing. All of us regarded the § 401(k) plan as a way of investing our hard-earned wages for future security. And we assumed that, in matching our contributions, our employer was giving us something of value. It all now appears to have been a cruel illusion. As a result, retirees are finding their nest eggs gone; older employees are facing having to work much longer than they had intended; and younger workers are being forced to revise their financial and career plans.

To give you an idea of the magnitude of the overall losses, a number of my co-workers at PGE have agreed to allow me to give you their names, ages, years of service with PGE, and losses in Enron stock. Keep in mind that the losses I am about to list represent only the lost stock value since we were locked out of our accounts in mid-September:

- 1. Tim Ramsey, age 55, 33 years with PGE: \$995,000 loss.**
- 2. Roy Rinard, age 53, 22 years with PGE: \$472,000 loss.**

3. **Al Kaseweter, age 43, 21 years with PGE: \$318,000 loss.**
4. **Joe and Diane Rinard, age 47, 12 years with PGE: \$300,000-plus loss.**
5. **Dave Covington, age 32, 22 years with PGE: \$300,000 loss.**
6. **Tom Klein, age 55, 30 years with PGE: \$188,000 loss.**
7. **Mike Schlenker, age 41, 10 years with PGE: \$177,000 loss.**
8. **Patti Klein, age 47, 24 years with PGE: \$132,000 loss.**

**Just these eight employees – who have together invested 188 years with PGE – have together lost \$2,882,000.**

You can imagine how this catastrophe has affected us. Now multiply that feeling across thousands of other homes. Rest assured that our experience represents just a tip of the iceberg of the heartache and families' devastation caused by Enron's collapse. It is estimated that Enron's collapse resulted in employee pension plan losses of up to \$1 billion. If my eight co-workers alone lost nearly \$2.8 million, that estimate is probably very low.

I come from across the country today to urge you to fully investigate the circumstances surrounding Enron's collapse. We are not looking for a handout. We are looking for solid, truthful answers as to what happened here

so that we may possibly recoup some of this money, maintain our dignity and prevent further theft from occurring to others who work their entire lives only to become victims of robbery. In addition, the working people in this country need your assurances that neither the future solvency of their Social Security benefits nor any greater share of their pension benefits will depend on the good will of corporate traders.

Thank you sincerely.